

HOUSE BILL No. 1024

DIGEST OF INTRODUCED BILL

Citations Affected: IC 24-5-25.

Synopsis: Renewal of consumer contracts. Prohibits a contract entered into or renewed after June 30, 2008, from containing an automatic renewal clause. Provides that: (1) a contract may provide a renewal option if the renewal option requires a positive act by a recipient not earlier than 90 days before the expiration of the contract; and (2) a contract provision in conflict with these prohibitions and restrictions is void.

Effective: July 1, 2008.

Cherry, Crawford

January 8, 2008, read first time and referred to Committee on Commerce, Energy and Utilities.

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Introduced

Second Regular Session 115th General Assembly (2008)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION6017 that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2007 Regular Session of the General Assembly.

HOUSE BILL No. 1024

A BILL FOR AN ACT to amend the Indiana Code concerning trade regulation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 24-5-25 IS ADDED TO THE INDIANA CODE AS
2 A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2008]:

4 **Chapter 25. Automatic Renewal Clauses Prohibited; Renewal**
5 **Options**

6 **Sec. 1. This chapter does not apply to:**

7 (1) the lease or rental of real property; or

8 (2) a transaction between merchants (as defined in
9 IC 26-1-2-104).

10 **Sec. 2. As used in this chapter, "automatic renewal clause"**
11 **means a provision in a contract that provides that the contract**
12 **shall be renewed for a specified additional period unless the**
13 **recipient provides notice to the person furnishing the services or**
14 **the service, maintenance, lease, sale, or repair of real or personal**
15 **property that the recipient intends to terminate the contract at the**
16 **expiration of the contract term.**

17 **Sec. 3. (a) As used in this chapter, "contract" means a contract**

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1 for:

2 (1) services;

3 (2) the service, maintenance, lease, sale, or repair of real or
4 personal property; or

5 (3) both services and the service, maintenance, lease, sale, or
6 repair of real or personal property.

7 (b) The term does not include a contract that does not specify an
8 expiration of the contract term.

9 Sec. 4. As used in this chapter, "person" means an individual, a
10 partnership, a limited liability company, a corporation, an
11 association, or any other legal entity.

12 Sec. 5. As used in this chapter, "recipient" means a consumer
13 who receives services or the service, maintenance, lease, sale, or
14 repair of real or personal property under a contract.

15 Sec. 6. A contract entered into or renewed after June 30, 2008,
16 may not contain an automatic renewal clause.

17 Sec. 7. A contract may provide a renewal option if the renewal
18 of the contract under the renewal option requires a positive act by
19 the recipient not earlier than ninety (90) days before the expiration
20 of the contract.

21 Sec. 8. A provision in a contract in conflict with this chapter is
22 void.

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